



County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

"To enrich lives through effective and caring service"

Telephone: (323) 267-2103
FAX: (323) 264-7135

April 08, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

23 April 8, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

**REQUEST FOR APPROVAL
TO ACQUIRE COMPUTER EQUIPMENT,
AND APPROVE ATTACHED APPROPRIATION ADJUSTMENT
(ALL DISTRICTS - 3 VOTES)**

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ()
DISAPPROVE ()**

SUBJECT

Request approval to purchase computer equipment with a unit cost greater than \$250,000 to meet the needs of County departments and request approval of the attached appropriation adjustment.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Internal Services Department (ISD) to acquire computer equipment for a total financed capital asset expenditure of \$2,198,742 to support countywide automated applications.
2. Approve an appropriation adjustment to increase ISD's Capital Assets Equipment budget by \$748,000, offset by Intrafund Transfer billings to the Department of Public Social Services (DPSS), to provide adequate appropriation for network and voice equipment purchases.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On an ongoing basis, ISD acquires computer and networking equipment to meet the computer application needs of County departments. Pursuant to County Policy, Board approval is required

when individual components of this equipment exceed \$250,000.

This request is for approval to acquire four (4) large capacity IBM midrange servers to expand and replace older servers that reach end-of-life in December 2014. The new servers will be part of the shared consolidated server environment at ISD's Downey and Santa Ana Data Centers. The purchase will allow for increased computing capacity for existing countywide applications and enhance disaster recovery capabilities for critical applications. The total financed cost of these servers is \$2,198,742.

The requested \$748,000 appropriation adjustment for capital assets covers the acquisition for network and voice equipment for DPSS. No component of this purchase exceeds \$250,000. DPSS has an ongoing telephone upgrade project replacing aging Private Branch Exchange (PBX) equipment with the ISD-hosted Voice over IP (VoIP) solution. ISD will recover the cost of this network and voice equipment purchase from DPSS.

Implementation of Strategic Plan Goals

The acquisition of this computer and networking equipment is necessary to meet the information technology requirements of the departments served by ISD and supports the County strategic goal for Operational Effectiveness.

FISCAL IMPACT/FINANCING

The computer equipment acquisition of \$1,827,121 will be financed through LAC-CAL over five years for a total financed cost of \$2,198,742.

Lease payment requirements are set according to the Chief Executive Office's estimated maximum interest rate for the LAC-CAL lease revenue bonds, which will be issued by the Treasurer and Tax Collector (TTC) at a future date. The TTC has indicated that actual LAC-CAL interest rates at present remain at levels that are much lower than the budgeted 6.25 percent. Any difference between the budgeted lease payments and the actual bond payment requirements will be credited to ISD's budget upon retirement of the bonds.

The computer server equipment is included in the equipment listing that your Board has authorized for LAC-CAL financing in the Fiscal Year (FY) 2013-14 budget. ISD has adequate funding for the lease costs in its FY 2013-14 Adopted Budget, and will request funding in future fiscal years' budget requests. ISD recovers all these costs through usage-based charges to client departments.

The approval of the recommended appropriation adjustment to increase ISD's Capital Assets Equipment by \$748,000 will provide adequate appropriation for the network and voice equipment purchases requested by DPSS. All costs are offset by billings to DPSS. There will be no additional cost impact to other County departments.

No additional net County cost is required for these acquisitions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This request complies with the County Equipment Policy that your Board approved on October 16, 2001. This policy requires that departments obtain Board approval to purchase or finance equipment with a unit cost of \$250,000 or greater.

CONTRACTING PROCESS

These equipment items are commodity acquisitions under the statutory authority of the County Purchasing Agent. The acquisitions will be competitively bid by the Purchasing Agent in accordance with the standard County Purchasing policies and procedures.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Your approval will ensure that ISD can acquire the resources necessary to operate County computer systems managed by the Department.

CONCLUSION

The Executive Office, Board of Supervisors, is requested to return one stamped copy of the approved Board letter to the Director, ISD.

Respectfully submitted,

A handwritten signature in black ink that reads "Richard Sanchez". Above the signature, the word "Respectfully" is faintly visible.

RICHARD SANCHEZ
Chief Information Officer

A handwritten signature in black ink that reads "JE Jones".

JIM JONES
Director

JJ:DC:TT:rc

Enclosures

c: Chief Executive Office
County Counsel
Executive Officer, Board of Supervisors



RICHARD SANCHEZ
CHIEF INFORMATION OFFICER

Office of the CIO
CIO Analysis

NUMBER:

CA 14-04

DATE:

3/25/2014

SUBJECT:

**REQUEST APPROVAL TO ACQUIRE COMPUTER EQUIPMENT AND
APPROVE ATTACHED APPROPRIATION ADJUSTMENT**

RECOMMENDATION:

☒ Approve

☐ Approve with Modification

☐ Disapprove

CONTRACT TYPE:

☐ New Contract

☐ Sole Source

☐ Amendment to Contract #: Enter contract #.

☒ Other: Purchase

CONTRACT COMPONENTS:

☐ Software

☒ Hardware

☒ Telecommunications

☐ Professional Services

SUMMARY:

Department Executive Sponsor: Jim Jones, Director, Internal Services Department

Description: The Internal Services Department (ISD) is requesting approval to purchase four large capacity IBM pSeries midrange servers, and network and voice telecommunications equipment for five DPSS locations.

Contract Amount: \$2,946,742

Funding Source: Los Angeles County Capital
Asset Leasing (LAC-CAL)/ISD
Adopted Budget Fiscal Year
(FY) 2013-14

☐ Legislative or Regulatory Mandate

☐ Subvened/Grant Funded: None

**Strategic and
Business Analysis**

PROJECT GOALS AND OBJECTIVES:

The projects' goals and objectives are to:

- Implement four new IBM pSeries servers to replace six older, end-of-life servers, and expand the consolidated virtual UNIX environments in the Downey data center and Santa Ana Local Recovery Center (LRC).
- Implement Voice over Internet Protocol (VoIP) network and voice telecommunications equipment to replace end-of-life Private Branch Exchange (PBX) systems in five DPSS locations. The DPSS PBX system replacement plan will ultimately replace 20 legacy at-risk telephone systems with VoIP technology. Six PBX systems have already been transitioned to VoIP, with two more to be transitioned by the end of FY 2013-14. The five systems being requested now will be transitioned in FY 2014-15.

BUSINESS DRIVERS:

The key business drivers are:

- Computer equipment - When fully implemented, the four new IBM pSeries servers will replace six-year-old servers that are end-of-life. This addresses risks related to system or component failures. Also, the new technology will enable ISD to more efficiently virtualize the UNIX computing environment, and provide additional capacity for existing and new applications. Additionally, because the new servers will be split between Downey (Two) and Santa Ana LRC (Two), they will improve ISD's disaster recovery capabilities.
- Network and voice telecommunications equipment – When fully implemented, the new network and voice telecommunications equipment will replace legacy at-risk PBX systems that range from 10 to 20 years old at five DPSS locations. Although the locations are not call centers, this addresses serious risk of PBX system failure, which may could result in complete loss of telephone services.

PROJECT ORGANIZATION:

Dedicated Project Managers from ISD/ITS will be assigned to each project. The four IBM pSeries servers will be installed at the same time and configured, into a virtualized environment. The network and voice telecommunications equipment, because it will replace PBX systems in five different locations, will be implemented individually. In both cases, there will be vendor assistance in the implementations.

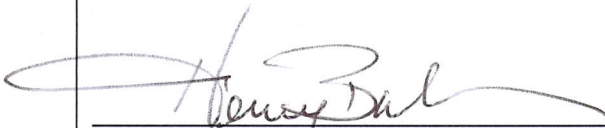

PERFORMANCE METRICS:

The installation of the new IBM pSeries servers will be deemed production ready once all systems have been installed, configured, and tested for interoperability with other components in the virtualized UNIX environment. The network and voice telecommunications equipment will be deemed production ready once all new equipment has been installed, configured, and tested. Migration plans and test plans, including acceptance testing, will be developed for both projects.

STRATEGIC AND BUSINESS ALIGNMENT:

Both projects are strategic and well-aligned with the business. The new IBM pSeries servers will replace smaller aging equipment and provide a more robust virtualized UNIX environment to support the growth of existing mission critical applications (eCAPS, eHR, etc.) and future applications. The new voice network and voice telecommunications equipment will address the business risk associated with legacy at-risk PBX systems that are well past end-of-life. Because of their age, these PBX systems are vulnerable to component or complete system, and ISD lacks adequate replacement parts.

	<p>PROJECT APPROACH:</p> <p>In both projects, the hardware will be implemented according to a detailed project plan, and may require some professional services. Appropriate exit strategies will be developed for each implementation.</p>
	<p>ALTERNATIVES ANALYZED:</p> <p>Because the computer equipment, network, and voice telecommunications equipment will be implemented into existing IBM UNIX and Cisco VoIP environments respectively, no other alternatives were considered.</p>
Technical Analysis	<p>ANALYSIS OF PROPOSED IT SOLUTION:</p> <p>The six (6) IBM pSeries servers being replaced were purchased in 2007 are past their five-year lifespan and are incurring increasing hardware maintenance costs. The hardware refresh is needed to avoid extended downtime to mission critical applications. The new servers allow ISD to replace the last of the customer specific IBM pSeries servers, add hypervisors and vMotion, and provide the final step toward virtualizing the UNIX environment by allowing multiple departmental applications to share server frames. The new virtualization configuration will allow Logical Partitions (LPARs) to move from one frame to another, which improves uptime and disaster recovery readiness. This architecture closely resembles the eCloud architecture that hosts the x86 computing environment. Additionally, because the old hardware does not support Advanced Interactive eXecutive (AIX) Version 6, this hardware refresh will allow ISD to upgrade all pSeries servers to Version 6 and above.</p> <p>The five DPSS PBX systems that are being replaced use outdated Time-division Multiplexing (TDM) technology and at risk of failure due to aging. Replacing these telephone systems with VoIP technology is in alignment with CIO's Strategic Directions.</p>

Financial Analysis	<p>BUDGET:</p> <p>Contract costs</p> <p>One-time costs:</p> <p>Hardware..... \$ 748,000</p> <p>Ongoing annual costs:</p> <p>Hardware..... \$ 2,198,742</p> <p>Sub-total Contract Costs: \$ 2,946,742</p> <p>Total one-time costs: \$ 748,000</p> <p>Total ongoing annual costs: \$ 2,198,742</p> <p>The \$2,946,742 is the total purchase cost for the computer equipment and the network and voice telecommunications equipment. The breakdown of the costs is a total LAC-CAL five-year financed capital asset expenditure of \$2,198,742 (purchase cost \$1,827,121) for the four IBM pSeries servers and \$748,000 for the telecommunications equipment. The \$748,000 will be funded by DPSS. ISD recovers all of these costs through usage-based rates to client departments, and no additional net County cost is required for these acquisitions.</p>
Risk Analysis	<p>RISK MITIGATION:</p> <ol style="list-style-type: none"> 1. Because ISD technical staff has implemented IBM pSeries servers and Cisco VoIP technology in the past, the risks are low. However, the risks will be mitigated through the use of professional services, as needed. Also, each of the implementations will have an appropriate exit strategy as part of the plan. 2. The Chief Information Security Officer (CISO) has reviewed the request and did not identify any IT security or privacy-related issues.
CIO Approval	<p>PREPARED BY:</p> <p> Henry Balta, Sr. Associate CIO</p> <p><u>3/25/14</u> Date</p> <p>APPROVED:</p> <p> Richard Sanchez, County Chief Information Officer</p> <p><u>3-27-14</u> Date</p>

Please contact the Office of the CIO (213.253.5600 or info@cio.lacounty.gov) for questions concerning this CIO Analysis. This document is also available online at <http://ciointranet.lacounty.gov/>

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BA FORM 03/13

BOARD OF
SUPERVISORS
OFFICIAL COPY

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF INTERNAL SERVICES

DEPT'S.
NO. 300

March 12, 2014

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2013-14

3 - VOTES

SOURCES

INTERNAL SERVICES DEPARTMENT
A01-IS-6800-13100
INTRAFUND TRANSFERS
DECREASE APPROPRIATION - \$748,000

USES

INTERNAL SERVICES DEPARTMENT
A01-IS-6030-13100
CAPITAL ASSETS - EQUIPMENT
INCREASE APPROPRIATION - \$748,000

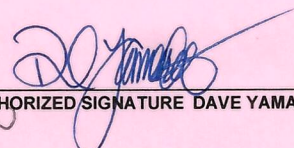
SOURCES TOTAL: \$ 748,000

USES TOTAL: \$ 748,000

JUSTIFICATION

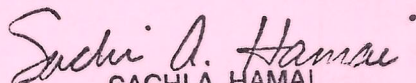
Reflects an increase in Capital Assets appropriation, offset by Intrafund Transfers, to purchase the network and voice equipment items included in ISD's April 8, 2014 Board letter. The equipment is needed for the Department of Public Social Services' replacement of aging PBXs with ISD-hosted Voice over IP (VoIP) solution.

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES


AUTHORIZED SIGNATURE DAVE YAMASHITA, ADMIN DEPUTY

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

23 APR 08 2014


SACHI A. HAMAI
EXECUTIVE OFFICER

REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR ---☐ ACTION☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY

B.A. NO. 163

March 13 20 14

☒ APPROVED AS REQUESTED☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY

March 20 20 14